


Content

Title :	Directions Governing Internal Controls of the Credit Departments of Farmers' and Fishermen' s Associations for Anti-Money Laundering and Countering Terrorism Financing 
Date :	2017.07.26
Legislative :	1.Promulgated on April 30 , 2015 2.Amended on July 26, 2017
Content :	<ol style="list-style-type: none"><li>1. These Directions are adopted to strengthen the anti-money laundering and countering terrorism financing (AML/CFT) regime of the Republic of China (R.O.C.), and to enhance soundness of the internal control and internal audit system of the credit departments of farmers' and fishermen' s associations (collectively referred to as the "credit departments" hereunder).</li><li>2. In matters related to AML/CFT internal controls, a credit department shall comply with these Directions as well as relevant provisions in the "Money Laundering Control Act" , " Terrorism Financing Prevention Act" , "Regulations Governing the Deposit Accounts and Suspicious or Unusual Transactions" and "Directions for Confirming Customer Identity in Domestic Remittance Operations of Financial Institutions."</li><li>3. A credit department should assess the money laundering or terrorist financing risks that may arise in relation to the development of new products or services or new business practices (including new delivery mechanisms, use of new technologies for pre-existing or new products or business practices) and est ablish relevant risk management measures to mitigate those risks.</li><li>4. Credit departments shall observe the following provisions when conducting wire transfers :<ol style="list-style-type: none"><li>(1) A credit department shall provide information on the originator and the beneficiary by any of the means below when conducting domestic wire transfers involving NTD:<ol style="list-style-type: none"><li>A. Include in the wire transfer information on the originator and the beneficiary; or</li><li>B. Include in the wire transfer the account number or a unique transaction reference number which</li></ol></li></ol></li></ol>

permits traceability of the transaction and make information on the originator and the beneficiary available within three(3) business days of receiving a request from the beneficiary financial institution or from appropriate competent authorities. However when a prosecutors office or judicial police office requests the provision of relevant information immediately, the credit department shall respond accordingly.

- (2) A credit department shall maintain all information on the originator and the beneficiary.
- (3) The aforementioned originator information shall include: name of the originator, the originator account number where such an account is used to process the transaction (if not available, a unique transaction reference number that permits traceability), the originator' s address, or national identity number, or date and place of birth.
- (4) The aforementioned beneficiary information shall include: name of the beneficiary and the beneficiary account number (if not available, a unique transaction reference number that permits traceability).
- (5) A credit department that fails to conduct wire transfers in compliance with the preceding four subparagraphs are not allowed to carry out wire transfer business.

5. Rules regarding internal control system:

- (1) The AML/CFT internal control system established by a credit department and its amendments thereafter shall be approved by its board of directors and contain the following particulars:
  - A. The policies and procedures to identify, assess and manage its money laundering and terrorist financing risks;
  - B. An AML/CFT program established based on money laundering and terrorist financing risks and business size to manage and mitigate identified risks, which also includes enhanced control measures for higher risk situations; and
  - C. Standard operational procedures for monitoring compliance with AML/CFT regulations and for the implementation of AML/CFT program, which shall be included in the self-inspection and internal audit system, and enhanced if necessary.
- (2) The money laundering and terrorist financing risk identification, assessment and management

mentioned in Item A of the preceding subparagraph should cover at least customers, geographic areas, products and services, transactions and delivery channels and observe the following provisions:

- A. A risk assessment report should be produced.
  - B. Risk assessment should consider all risk factors to determine the level of overall risk, and appropriate measures to mitigate the risks.
  - C. There should be a risk assessment update mechanism in place to ensure that risk data are kept up-to-date.
  - D. When risk assessment is completed or updated, the risk assessment report shall be submitted to the Council of Agricultural, Executive Yuan (referred to as the "Council" hereunder) for recordation.
- (3) The AML/CFT program mentioned in Item B of Subparagraph (1) shall include the following policies, procedures and controls:
- A. Verification of customer identity;
  - B. Checking of names of customers and trading counterparties;
  - C. Ongoing monitoring of accounts and transactions;
  - D. Correspondent banking business;
  - E. Record keeping;
  - F. Reporting of currency delivery above a certain amount;
  - G. Reporting of suspicious transactions;
  - H. Appointment of a chief compliance officer to take charge of AML/CFT compliance matters;
  - I. Employee screening and hiring procedure;
  - J. Ongoing employee training program;
  - K. An independent audit function to test the effectiveness of AML/CFT system; and
  - L. Other matters required by the AML/CFT regulations and the Council.
- (4) The board of director of a farmers' or fishermen' s association should ensure the establishment and maintenance of an appropriate and effective AML/CFT internal control system. The board of directors and secretary-general should understand its money laundering and terrorist financing risks and the operation of its AML/CFT program, and adopt measures to create a culture of AML/CFT compliance.
6. Rules regarding the chief AML/CFT compliance officer of farmers' and fishermen' s associations are as follows:

- (1) A credit department should be staffed with adequate manpower and resources dedicated to AML/CFT that are appropriate to the size and risks of the business. The secretary-general of a farmers' or fishermen's association shall appoint a senior officer to act as the chief AML/CFT compliance officer and vest the officer full authority in AML/CFT implementation, and make sure that the chief AML/CFT compliance officer does not hold concurrent posts that may have a conflict of interest with their AML/CFT responsibilities.
  - (2) The chief AML/CFT compliance officer mentioned in the preceding subparagraph shall be charged with the following duties:
    - A. Supervising the planning and implementation of policies and procedures for identifying, assessing and monitoring money laundering and terrorist financing risks.
    - B. Coordinating and supervising association-wide AML/CFT risk identification and assessment.
    - C. Monitoring and controlling money laundering and terrorist financing risks.
    - D. Developing an AML/CFT program.
    - E. Coordinating and supervising the implementation of AML/CFT program.
    - F. Confirming compliance with AML/CFT regulations, including the relevant compliance template or self-regulatory rules produced by the Agricultural Bank of Taiwan and approved by the Council.
    - G. Supervising the reporting on suspicious transactions and on the properties or property interests and location of individuals or legal entities designated by the Terrorism Financing Prevention Act to the Investigation Bureau, Ministry of Justice.
  - (3) The chief AML/CFT compliance officer mentioned in Subparagraph 1 hereof should report to the board of directors and the board of supervisors at least semiannually, or promptly report to the board of directors, the board of supervisors and the secretary-general whenever a major regulatory violation is discovered.
7. Rules regarding the implementation, audit and statement of internal AML/CFT control system are as follows:
- (1) A credit department and its sub-departments shall appoint a senior manager to act as the supervisor

- to take charge of supervising the AML/CFT related matters and self-inspection conducted by the credit department and sub-departments.
- (2) The internal auditors of farmers and fishermen's associations shall audit the following matters and produce audit opinions:
    - A. Whether the money laundering and terrorist financing risk assessment and the AML/CFT program meet the regulatory requirements and are vigorously implemented; and
    - B. The effectiveness of AML/CFT program.
  - (3) The secretary-general of a farmers' or fishermen's association should oversee that its credit department and sub-departments prudently evaluate and review the implementation of internal AML/CFT control system. The chairman, secretary-general, internal auditor and chief AML/CFT compliance officer shall jointly issue a statement on internal AML/CFT control (see attached), which shall be submitted to the board of directors for approval, and disclosed on the website of the farmers' or fishermen's association and filed via a website designated by the Council in three (3) months after the end of each fiscal year.
8. Rules regarding the employee hiring and training:
- (1) A credit department should establish prudent and appropriate procedures for employee screening and hiring, including examining whether the prospective employee has character integrity and the professional knowledge required to perform their duties.
  - (2) The chief AML/CFT compliance officer and AML/CFT personnel of a farmers' or fishermen's association, and the AML/CFT supervisor of its credit department and sub-departments shall possess one of the following qualification requirements in three(3) months after appointment/assignment to the post and the credit department shall set out relevant control mechanism to ensure compliance with the provisions hereof:
    - A. Having served as AML/CFT personnel on a full-time basis for at least three (3) years;
    - B. Having attended not less than 24 hours of courses offered by institutions recognized by the Council or offered by Agricultural Bank of Taiwan, and passed the exams and received completion certificates therefor; or
    - C. Having received a domestic or international

- AML/CFT professional certificate issued by an institution recognized by the Council.
- (3) Personnel mentioned in the preceding subparagraph who are appointed/assigned to the post prior to December 31, 2017 may be deemed as qualified if he or she meets any of the qualification requirements below:
- A. Meeting the qualification requirement set out in Item A or Item C of the preceding subparagraph prior to December 31, 2017.
  - B. Meeting the qualification requirement set out in item 2 of the preceding subparagraph within the time periods specified below:
    - a. For the chief AML/CFT compliance officer and AML/CFT personnel of a farmers' or fishermen' s association, meeting the qualification requirement before December 31, 2017 or within six (6) months after appointment/assignment to the post.
    - b. For the AML/CFT supervisor of credit department and its sub-departments, meeting the qualification requirement before December 31, 2017 or within six (6) months after appointment/assignment to the post.
- (4) The chief AML/CFT compliance officer and AML/CFT personnel of a farmers' or fishermen' s association, and the AML/CFT supervisor of its credit department and sub-departments shall attend not less than 12 hours of training on AML/CFT offered institutions recognized by the Council or by the Agricultural Bank of Taiwan or internal or external training units accepted by the chief AML/CFT compliance officer mentioned in Subparagraph 1 of Point 6 herein every year. The training shall cover at least newly amended laws and regulations, trends and patterns of money laundering and terrorist financing risks. If the person has obtained a domestic or international AML/CFT professional certificate issued by an institution recognized by the Council in a year, the certificate may be used to offset the training hours for the year.
- (5) A farmers' or fishermen' s association shall arrange appropriate hours of training of suitable contents on AML/ CFT in view of the nature of its business for its directors, supervisors, secretary-general, internal auditors and business personnel of credit department to familiarize them with their AML/CFT duties and equip them with the professional knowhow to perform their duties.

9. If a farmers' or fishermen's association violates these Directions, the Council may take appropriate sanctions commensurate with the seriousness of the violations in accordance with Article 33 of the Agricultural Finance Act to which Articles 61-1 of the Banking Act applies mutatis mutandis as well as Subparagraph 2, Paragraph 2 of Article 50 and Article 51 of the Agricultural Finance Act.

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Data Source : MONISTRY OF AGRICULTURE Laws and Regulations Retrieving System